

## 516.506

provide for adjustments based on cost indexes of labor or material, prepare a clause that defines each of the following elements:

(i) The type of labor and/or material subject to adjustment.

(ii) The labor rates, including any fringe benefits and/or unit prices of materials that may be increased or decreased.

(iii) The index(es) that will be used to measure changes in price levels and the base period or reference point from which changes will be measured.

(iv) The period during which the price(s) will be subject to adjustment.

(2) The contracting director must approve use of this clause.

### Subpart 516.5—Indefinite-Delivery Contracts

#### 516.506 Solicitation provisions and contract clauses.

(a) In solicitations and contracts for stock or special order program items, when the contract authorizes FSS and other activities to issue delivery or task orders, insert the clause at 552.216-72, Placement of Orders. If only FSS will issue delivery or task orders, insert the clause with its Alternate I.

(b) In solicitations and contracts for single or multiple award schedule program items, insert the clause at 552.216-72, Placement of Orders, with its Alternate II.

(c) In solicitations and contracts for FSS Schedule 70 and the Consolidated Products and Services Schedule containing information technology Special Item Numbers, use 552.216-72, Placement of Orders, Alternate III, instead of Alternate II.

(d) If the clause at 552.216-72 is prescribed, insert the provision at 552.216-73, Ordering Information, in solicitations for stock items and in other FSS solicitations. Use 552.216-73 Alternate I when 552.216-72 Alternate I is prescribed. Use 552.216-73 Alternate II when 552.216-72 Alternate II or Alternate III are prescribed.

[64 FR 37218, July 9, 1999, as amended at 68 FR 24378, May 7, 2003; 69 FR 28065, May 18, 2004]

## 48 CFR Ch. 5 (10-1-06 Edition)

### Subpart 516.6—Time-and-Materials, Labor-Hour, and Letter Contracts

#### 516.603 Letter contracts.

##### 516.603-3 Limitations.

###### *Architect-Engineer (A-E) Services*

(a) *Requirement for a price proposal.* Before you award a letter contract, the proposed A-E must provide a price proposal for the non-design effort.

(b) *Contents of each letter contract.* You must include the following information in the letter contract:

(1) The scope. If you include the design effort, only authorize the A-E to perform those services that are independent of the design effort (for example, feasibility studies, existing facility surveys or site investigation, etc.). Do not authorize the A-E to begin the design effort before the letter contract is definitized.

(2) A definitization schedule. Include dates for each of the following:

(i) Submission of the design fee proposal.

(ii) Start of negotiations.

(iii) Definitization. This date must be no later than 90 days after the date of the letter contract.

(3) A limitation on the Government's liability for the non-design effort to be performed under the contract. Insert this amount in FAR 52.216-24, Limitation of Government Liability.

(c) *Unilateral price decision.* If you must issue a unilateral price decision, the maximum contract amount must not exceed a reasonable price for the excludable items plus the 6 percent statutory fee limitation for the project.

### PART 517—SPECIAL CONTRACTING METHODS

#### Subpart 517.1—Multiyear Contracting

Sec.

517.109 Contract clauses.

#### Subpart 517.2—Options

17.200 Scope of subpart.

17.202 Use of options.

17.203 Solicitations.

17.207 Exercise of options.